

**REDEVELOPMENT AGENCY OF THE  
CITY OF REDLANDS**

**BASIC LEGAL DOCUMENTS**

**Resolution Authorizing the Issuance of  
\$4,500,000 Principal Amount of  
1977 Redlands Redevelopment Project  
Tax Allocation Refunding Bonds**

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**Form of Escrow Agreement**

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The Agency will receive bids at the place and up to the time below specified.

TIME: Tuesday, February 8, 1977  
11:00 A.M.

PLACE: City Hall  
30 Cajon Street  
Redlands, California



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REDEVELOPMENT AGENCY OF THE  
CITY OF REDLANDS

*Resolution No. 154*

Resolution Authorizing the Issuance of  
\$4,500,000 Principal Amount of  
1977 Redlands Redevelopment Project  
Tax Allocation Refunding Bonds

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*Adopted January 18, 1977*

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REDEVELOPMENT AGENCY OF THE  
CITY OF HONOLULU

Resolution No. 134

It is the policy of the Board of  
the City of Honolulu to provide  
for the development of the  
City of Honolulu in a manner  
consistent with the City's  
 Comprehensive Zoning Ordinance.

Adopted January 15, 1977



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## RESOLUTION No. 154

### *Resolution Authorizing the Issuance of \$4,500,000 Principal Amount of 1977 Redlands Redevelopment Project Tax Allocation Refunding Bonds*

WHEREAS, the Redevelopment Agency of the City of Redlands is a redevelopment agency, a public body, corporate and politic, duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, including power to issue bonds for any of its corporate purposes;

WHEREAS, all the requirements of law have been complied with in the adoption of a redevelopment plan in the City of Redlands, California; and

WHEREAS, the Redevelopment Agency of the City of Redlands has heretofore issued bonds to aid in the financing or refinancing of the Project;

NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS, as follows:

## ARTICLE I

### AUTHORIZATION OF BONDS; DEFINITIONS

SECTION 1.01. *Authorization.* The Agency has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines, that all conditions, things and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Agency is now duly empowered, pursuant to each and every requirement of law, to issue the Bonds in the manner and form provided in this Resolution.

SECTION 1.02. *Definitions.* Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Resolution and of any resolution supplemental hereto, and

of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

**Agency**

"Agency" means the Redevelopment Agency of the City of Redlands, a public body, corporate and politic, established under the Law.

**Articles, Sections**

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof.

**Bonds, Additional Bonds, 1975 Bonds**

"Bonds" means the 1977 Redlands Redevelopment Project Tax Allocation Refunding Bonds authorized by, and at any time outstanding pursuant to, this Resolution.

"Additional Bonds" means bonds of the Agency issued in accordance with Section 3.07.

"1975 Bonds" means the \$4,310,000 principal amount of 1975 Redlands Redevelopment Project Tax Allocation Bonds maturing on and after July 1, 1988, issued pursuant to Resolution No. 143 of the Agency, adopted on June 27, 1975.

**Escrow Bank**

"Escrow Bank" means the "Escrow Bank" under the escrow agreement, dated as of February 8, 1977, between the Agency and Bank of America National Trust and Savings Association, which will be executed, before the issuance of the Bonds, in substantially the form approved by the Agency on the date of adoption of this Resolution.

**Federal Securities**

"Federal Securities" means United States Treasury notes, bonds, bills or certificates of indebtedness or those for which the faith and credit of the United States are pledged for the payment



of principal and interest; obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; all as and to the extent that such securities are eligible for the legal investment of Agency funds.

**Financial Newspaper or Journal**

“Financial newspaper or journal” means *The Wall Street Journal* or *The Daily Bond Buyer* or any other newspaper or journal printed in the English language, customarily published on each business day, publishing financial news, circulated in New York, New York, and selected by the Fiscal Agent, whose decision shall be final and conclusive.

**Fiscal Agent**

“Fiscal Agent” means Bank of America National Trust and Savings Association, appointed by the Agency in Section 6.01 and acting as an independent trustee with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 6.01.

**Fiscal Year**

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both inclusive.

**Holder, Bondholder**

“Holder” or “Bondholder” means any person who shall be the bearer of any outstanding Bond registered to bearer or not registered, or the registered owner of any outstanding Bond which shall at the time be registered other than to bearer.

**Independent Certified Public Accountant**

“Independent Certified Public Accountant” means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State of California, appointed by the Agency, and who, or each of whom—

(1) is in fact independent, and not under domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make annual or other similar audits of any of the books of the Agency.

**Independent Financial Consultant**

“Independent Financial Consultant” means any financial consultant or firm of such consultants appointed by the Agency with the written concurrence of the Fiscal Agent, and who, or each of whom—

(1) is in fact independent and not under domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

**Independent Real Estate Consultant**

“Independent Real Estate Consultant” means any real estate consultant or firm of such consultants appointed by the Agency with the written concurrence of the Fiscal Agent, and who, or each of whom—

(1) is in fact independent and not under domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and



(3) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

**Investment Revenues**

“Investment Revenues” means all income received on or before the Refunding Date from the investment of the Escrow Fund created by Section 3.03.

**Law**

“Law” means the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California, and the acts amendatory thereof and supplemental thereto.

**Minimum Reserve Fund Balance**

“Minimum Reserve Fund Balance” means the amount of the interest on all Bonds outstanding which will become due and payable on the next two succeeding interest payment dates.

**Outstanding**

“Outstanding,” when used as of any particular time with reference to Bonds, (subject to the provisions of Section 7.04) means all Bonds theretofore issued under this Resolution except—

(a) Bonds theretofore cancelled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation;

(b) Bonds for the payment or redemption of which money or securities in the necessary amount (as provided in Section 9.03) shall have theretofore been deposited with the Fiscal Agent (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Section 2.03 provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice; and

(c) Bonds in lieu of, or in substitution for, which other Bonds shall have been issued pursuant to the terms of Section 2.11.

**Paying Agents**

"Paying Agents" means the agents appointed by the Agency pursuant to Section 6.02, the successors and assigns of each of them, and any other corporations or associations which may at any time be substituted in the place of either of them, as provided in Section 6.02.

**Project**

"Project" means the undertaking of the Agency pursuant to the Redevelopment Plan and the Law for the redevelopment of the Project Area and for other improvements either within or without the Project Area to the extent such improvements are of benefit to the Project Area.

**Project Area**

"Project Area" means the project area as described in the Redevelopment Plan.

**Redevelopment Plan**

"Redevelopment Plan" means the redevelopment plan for the Project Area approved and adopted by Ordinance No. 1500, adopted by the City Council of the City of Redlands on September 26, 1972, together with any amendments thereof or supplements thereto.

**Refunding Date**

"Refunding Date" means July 1, 1987 (which is the date on which it is anticipated that the call and redemption necessary to effect the refunding provided for in this Resolution shall occur) or any later date on which the 1975 Bonds are retired.

**Report**

"Report" means a report in writing signed by an Independent Financial Consultant or an Independent Real Estate Consultant and including—

- (1) a statement that the person or firm making or giving such Report has read the pertinent provisions of this Resolution to which such Report relates;



(2) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

(3) a statement that, in the opinion of such person or firm, such examination or investigation was made as is necessary to enable such person or firm to express an informed opinion with respect to the subject matter referred to in the Report.

### **Resolution**

“Resolution” means this Resolution, as adopted by the Agency under the Law, or as it may from time to time be supplemented or amended by any Supplemental Resolution adopted pursuant to the provisions hereof.

### **Supplemental Resolution**

“Supplemental Resolution” or “supplemental resolution” means any resolution then in full force and effect which has been duly adopted by the Agency under the Law, or any act supplementary thereto or amendatory thereof, at a meeting of the Agency duly convened and held, at which a quorum was present and acted thereon, amendatory of or supplemental to this Resolution; but only if and to the extent that such Supplemental Resolution is specifically authorized hereunder.

### **Tax Revenues**

“Tax Revenues” means all taxes allocated to and paid into the Project Special Fund (created by Section 4.02) pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, and as provided in the Re-development Plan, including all payments and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations.

### **Treasurer**

“Treasurer” means the Treasurer of the Agency or the officer who is then performing the functions of Treasurer of the Agency.

SECTION 1.03. *Equal Security.* In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Agency and the holders from time to time of the Bonds and Additional Bonds and interest coupons appertaining thereto, and the covenants and agreements herein set forth to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all holders of the Bonds and Additional Bonds and interest coupons without preference, priority or distinction as to security or otherwise of any of the Bonds and Additional Bonds or interest coupons over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

## ARTICLE II

### THE BONDS

SECTION 2.01. *Authorization.* Bonds in the aggregate principal amount of four million five hundred thousand dollars (\$4,500,000) are hereby authorized to be issued by the Agency under and subject to the terms of this Resolution and the Constitution and laws of the State of California. This Resolution constitutes a continuing agreement with the holders of all of the Bonds issued or to be issued hereunder and then outstanding to secure the full and final payment of the principal of, and the interest and premium, if any, on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds are designated as the "1977 Redlands Redevelopment Project Tax Allocation Refunding Bonds."

SECTION 2.02. *Terms of Bonds.* The Bonds shall be dated March 1, 1977. The Bonds may be issued as coupon Bonds in the denomination of \$5,000 or as fully registered Bonds without coupons in the denomination of \$5,000 or any authorized multiple thereof.



The Bonds shall mature and become payable on July 1 in each year, as follows:

| <u>Year</u> | <u>Principal<br/>Amount</u> | <u>Year</u> | <u>Principal<br/>Amount</u> |
|-------------|-----------------------------|-------------|-----------------------------|
| 1988 .....  | \$270,000                   | 1994 .....  | \$400,000                   |
| 1989 .....  | 290,000                     | 1995 .....  | 430,000                     |
| 1990 .....  | 310,000                     | 1996 .....  | 455,000                     |
| 1991 .....  | 330,000                     | 1997 .....  | 490,000                     |
| 1992 .....  | 350,000                     | 1998 .....  | 520,000                     |
| 1993 .....  | 375,000                     | 1999 .....  | 280,000                     |

The Bonds shall bear interest at the rate designated by the Agency at the time of the sale of the Bonds, but not to exceed eight per cent (8%) per annum, payable on July 1, 1977 and thereafter semiannually on January 1 and July 1 in each year. Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America at the principal office of the Fiscal Agent in the City of Los Angeles, State of California. In the case of coupon Bonds, both such principal and interest shall also be payable, at the option of the holder, at the office of the Paying Agent in New York, New York, or at the office of the Paying Agent in Chicago, Illinois.

The coupon Bonds shall be numbered 1 to 900, inclusive, and shall bear interest from March 1, 1977. The interest coupons attached to the coupon Bonds shall be numbered in consecutive numerical order, and each such coupon shall represent six months' interest on the Bond to which it is attached, except that the first coupon attached to each Bond shall represent interest for four months. Payment of interest on the coupon Bonds due on or before maturity of such Bonds shall be made only upon presentation and surrender of the coupons representing such interest as the same respectively fall due.

The fully registered Bonds shall bear interest from the interest payment date next preceding the date of registration thereof unless such date of registration is an interest payment date, in which event they shall bear interest from such date, or unless such date of registration is prior to the first interest payment date, in which event they shall bear interest from March 1, 1977; provided, however,

that if, at the time of registration of any fully registered Bond, interest is in default on outstanding Bonds, such fully registered Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the outstanding Bonds. Payment of the interest on any fully registered Bond shall be made to the person appearing on the Bond registration books of the Fiscal Agent as the registered owner thereof, such interest to be paid by check or draft mailed to the registered owner at his address as it appears on such registration books or at such address as he may have filed with the Fiscal Agent for that purpose.

SECTION 2.03. *Redemption.* (a) Bonds maturing on July 1, 1988 shall not be subject to redemption before their stated maturity. Bonds maturing on or after July 1, 1989 shall be subject to redemption prior to their respective stated maturities, at the option of the Agency, from any source of available funds, as a whole or in part, in inverse order of maturity and by lot within a maturity, on any interest payment date on or after July 1, 1988, at the principal amount thereof and accrued interest to the date of redemption plus a premium of one-quarter of one per cent ( $\frac{1}{4}$  of 1%) of such principal amount for each year and for the fraction of a year, if any, remaining from the date fixed for redemption to the stated maturity thereof.

(b) The Fiscal Agent shall cause notice of any redemption to be published once not less than thirty nor more than sixty days prior to the date fixed for redemption in a financial newspaper or journal. Such notice shall state the redemption date and the redemption price and shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, have been called for redemption, and shall require that such Bonds be then surrendered with all interest coupons maturing on or subsequent to the redemption date, at the option of the respective holders thereof, at the office of the Fiscal Agent or at the office of either of the Paying Agents, for redemption at the said redemption



price, giving notice also that further interest on such Bonds will not accrue after the redemption date.

A similar notice shall be mailed by the Fiscal Agent to the respective registered owners of any registered Bonds designated for redemption, at least thirty but not more than sixty days prior to the redemption date, at their addresses appearing on the Bond registration books in the office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice shall not affect the validity of the proceedings for the redemption of such Bonds.

After the date fixed for redemption, if notice of such redemption shall have been duly published and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Resolution other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

Whenever any Bonds are to be selected for redemption by lot, the Fiscal Agent shall determine, in any manner deemed by it to be fair, the serial numbers of the Bonds to be redeemed, and shall notify the Agency thereof.

All Bonds redeemed pursuant to the provisions of this Section and the appurtenant coupons, if any, and all Bonds purchased by the Fiscal Agent pursuant to Section 4.03 and the appurtenant coupons, if any, shall be cancelled and shall be surrendered to the Agency.

SECTION 2.04. *Form of Bonds.* The coupon Bonds, the interest coupons to be attached thereto, the fully registered Bonds and the form of Fiscal Agent's certificate of authentication and registration, corresponding coupon Bond endorsement, and assignment to appear thereon, shall be substantially in the following forms, respectively, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Resolution:

## [FORM OF COUPON BOND]

No. ....

\$5,000

UNITED STATES OF AMERICA  
 STATE OF CALIFORNIA  
 COUNTY OF SAN BERNARDINO

1977 REDLANDS REDEVELOPMENT PROJECT  
 TAX ALLOCATION REFUNDING BOND

The Redevelopment Agency of the City of Redlands, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), for value received, hereby promises to pay (but solely from the funds hereinafter mentioned) to the bearer hereof the principal sum of Five Thousand Dollars (\$5,000) on July 1, ..... (subject to any right of prior redemption hereinafter expressly reserved), together with interest on such principal sum from the date hereof until payment of such principal sum in full, at the rate of ..... per cent (....%) per annum, payable on July 1, 1977, and thereafter semiannually on January 1 and July 1 in each year, but only, in the case of interest due on or before maturity, upon presentation and surrender, and according to the tenor, of the respective interest coupons hereto annexed as they severally mature. Both the principal of and interest on this Bond are payable in lawful money of the United States of America at the principal office of Bank of America National Trust and Savings Association (the "Fiscal Agent"), in Los Angeles, California, or at the offices of the paying agents of the Agency in New York, New York, or Chicago, Illinois, at the option of the holder.

This Bond is one of a duly authorized issue of 1977 Redlands Redevelopment Project Tax Allocation Refunding Bonds (the "Bonds"), limited in aggregate principal amount to Four Million Five Hundred Thousand Dollars (\$4,500,000), and consists or may consist of varying denominations, numbers, maturities, interest rates, redemption and other provisions, all issued and to be issued pursuant to the Constitution and laws of the State of California, including the Community Redevelopment Law (being Part 1 of Division 24 of the Health and Safety Code of the State of Cali-



fornia) and the acts amendatory thereof and supplemental thereto, and pursuant to a resolution (the "Resolution") adopted by the Agency on January 18, 1977. All of the Bonds are equally and ratably secured in accordance with the terms and conditions of the Resolution, to which reference is hereby made for a specific description of the security therein provided and of the nature, extent and manner of enforcement of such security, and a statement of the rights of the bearers and registered owners of the Bonds, to all of the provisions of which the bearer of this Bond, by his acceptance of this Bond, consents and agrees.

The Bonds are issued by the Agency to aid in refinancing the redevelopment of a duly designated redevelopment project area in Redlands, California, and the proceeds thereof are to be applied to the redemption of 1975 Redlands Redevelopment Project Tax Allocation Bonds maturing on or after July 1, 1988, which redemption is to be effectuated on July 1, 1987. As defined in the Resolution and as used herein, the term "Refunding Date" means July 1, 1987 or any later date on which said 1975 Bonds maturing on or after July 1, 1988 are retired. On and before the Refunding Date this Bond, together with all other Bonds of this issue, are secured by the Investment Revenues (as such term is defined in the Resolution) and after the Refunding Date this Bond, together with all other Bonds of this issue and any Additional Bonds permitted by the Resolution, will be secured by a first and exclusive pledge of the Tax Revenues (as such term is defined in the Resolution), all as more particularly set forth in the Resolution.

Bonds maturing on July 1, 1988 shall not be subject to redemption before their stated maturity. Bonds maturing on or after July 1, 1989 shall be subject to redemption prior to their respective stated maturities, at the option of the Agency, from any source of available funds, as a whole or in part, in inverse order of maturity and by lot within a maturity, on any interest payment date on or after July 1, 1988, at the principal amount thereof and accrued interest to the date of redemption plus a premium of one-quarter of one per cent ( $\frac{1}{4}$  of 1%) of such principal amount for each year and for the fraction of a year, if any, remaining from the date fixed for redemption to the stated maturity thereof.



The Bonds are issuable as coupon Bonds in the denomination of \$5,000 and as fully registered Bonds without coupons in denominations of \$5,000 and any authorized multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, provided in the Resolution, fully registered Bonds may be exchanged for a like aggregate principal amount of coupon Bonds of the same maturity or for a like aggregate principal amount of fully registered Bonds of the same maturity of other authorized denominations, and coupon Bonds may be exchanged for a like aggregate principal amount of fully registered Bonds of the same maturity of authorized denominations.

This Bond and the coupons appertaining hereto are negotiable and transferable by delivery, and the Agency, the Fiscal Agent and any paying agent may treat the bearer hereof, or the bearer of any coupon appertaining hereto, as the absolute owner hereof or of such coupon, as the case may be, for all purposes, whether or not this Bond or such coupon shall be overdue, and the Agency, the Fiscal Agent and any paying agent shall not be affected by any notice to the contrary.

The rights and obligations of the Agency and of the holders and registered owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Resolution, but no such modification or amendment may (1) extend the maturity hereof or reduce the interest rate hereon, or otherwise alter or impair the obligation of the Agency to pay the principal hereof, or interest hereon, or any premium payable on the redemption hereof, at the time and place and at the rate and in the currency provided herein, without the express consent of the holder of this Bond, or (2) permit the creation by the Agency of any pledge of or lien upon the Tax Revenues or the Investment Revenues (hereinbefore referred to) superior to or (except as expressly provided in the Resolution with respect to Additional Bonds) on a parity with the pledge and lien herein and in the Resolution created for the benefit of the Bonds, or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, or (3) modify any of the rights or obli-



gations of the Fiscal Agent or of any paying agent without its written assent thereto; all as more fully set forth in the Resolution.

This Bond is not a debt of the City of Redlands, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those of the Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Redevelopment Agency of the City of Redlands has caused this Bond to be executed in its name and on its behalf by its Chairman and its Secretary, and the seal of the Agency to be reproduced hereon, and coupons for said interest, bearing the facsimile signature of its Secretary, to be attached hereto, and this Bond to be dated March 1, 1977.

REDEVELOPMENT AGENCY OF THE  
CITY OF REDLANDS

By \_\_\_\_\_

*Chairman*

\_\_\_\_\_  
*Secretary*

[Seal]

## [FORM OF INTEREST COUPON]

Coupon No. ....

THE REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS, on ....., (subject to any right of prior redemption reserved in the Bond herein mentioned) will pay (but only out of the Investment Revenues or Tax Revenues referred to in said Bond) to bearer, at the principal office of the Fiscal Agent, BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, in LOS ANGELES, CALIFORNIA, or, at the option of the holder, at the offices of the paying agents of the Agency in NEW YORK, NEW YORK, or in CHICAGO, ILLINOIS, upon surrender hereof, the sum set forth hereon in lawful money of the United States of America, being interest then due on its 1977 Redlands Redevelopment Project Tax Allocation Refunding Bond, dated March 1, 1977, No. ....

\$.....

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*Secretary of the Redevelopment Agency  
of the City of Redlands*

## [FORM OF FULLY REGISTERED BOND]

No. R.....

\$.....

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SAN BERNARDINO

1977 REDLANDS REDEVELOPMENT PROJECT  
TAX ALLOCATION REFUNDING BOND

The Redevelopment Agency of the City of Redlands, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), for value received, hereby promises to pay (but solely from the



funds hereinafter mentioned) to ..... or  
 ..... registered assigns, the principal sum of ..... Dollars  
 (\$.....) on July 1, ..... (subject to any right of prior  
 redemption hereinafter expressly reserved), together with interest  
 on such principal sum from the interest payment date next preced-  
 ing the date of registration of this Bond (unless this Bond is reg-  
 istered on an interest payment date, in which event it shall bear  
 interest from such date, or unless this Bond is registered prior to  
 July 1, 1977, in which event it shall bear interest from March 1,  
 1977) until payment of such principal sum in full, at the rate of  
 ..... per cent (.....%) per annum, payable on July 1, 1977, and  
 thereafter semiannually on January 1 and July 1 in each year. Both  
 the principal of and interest on this Bond are payable in lawful  
 money of the United States of America at the principal office of  
 Bank of America National Trust and Savings Association (the  
 "Fiscal Agent"), in Los Angeles, California.

This Bond is one of a duly authorized issue of 1977 Redlands  
 Redevelopment Project Tax Allocation Refunding Bonds (the  
 "Bonds"), limited in aggregate principal amount to Four Million  
 Five Hundred Thousand Dollars (\$4,500,000), and consists or may  
 consist of varying denominations, numbers, maturities, interest  
 rates, redemption and other provisions, all issued and to be issued  
 pursuant to the Constitution and laws of the State of California,  
 including the Community Redevelopment Law (being Part 1 of Di-  
 vision 24 of the Health and Safety Code of the State of California)  
 and the acts amendatory thereof and supplemental thereto, and pur-  
 suant to a resolution (the "Resolution") adopted by the Agency on  
 January 18, 1977. All of the Bonds are equally and ratably secured  
 in accordance with the terms and conditions of the Resolution, to  
 which reference is hereby made for a specific description of the se-  
 curity therein provided and of the nature, extent and manner of en-  
 forcement of such security, and a statement of the rights of the  
 bearers and registered owners of the Bonds, to all of the provisions  
 of which the registered owner of this Bond, by his acceptance of  
 this Bond, consents and agrees.



The Bonds are issued by the Agency to aid in refinancing the redevelopment of a duly designated redevelopment project area in Redlands, California, and the proceeds thereof are to be applied to the redemption of 1975 Redlands Redevelopment Project Tax Allocation Bonds maturing on or after July 1, 1988, which redemption is to be effectuated on July 1, 1987. As defined in the Resolution and as used herein, the term "Refunding Date" means July 1, 1987 or any later date on which said 1975 Bonds maturing on or after July 1, 1988 are retired. On and before the Refunding Date this Bond, together with all other Bonds of this issue, are secured by the Investment Revenues (as such term is defined in the Resolution) and after the Refunding Date this Bond, together with all other Bonds of this issue and any Additional Bonds permitted by the Resolution, will be secured by a first and exclusive pledge of the Tax Revenues (as such term is defined in the Resolution), all as more particularly set forth in the Resolution.

Bonds maturing on July 1, 1988 shall not be subject to redemption before their stated maturity. Bonds maturing on or after July 1, 1989 shall be subject to redemption prior to their respective stated maturities, at the option of the Agency, from any source of available funds, as a whole or in part, in inverse order of maturity and by lot within a maturity, on any interest payment date on or after July 1, 1988, at the principal amount thereof and accrued interest to the date of redemption plus a premium of one-quarter of one per cent ( $\frac{1}{4}$  of 1%) of such principal amount for each year and for the fraction of a year, if any, remaining from the date fixed for redemption to the stated maturity thereof.

The Bonds are issuable as coupon Bonds in the denomination of \$5,000 and as fully registered Bonds without coupons in denominations of \$5,000 and any authorized multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, provided in the Resolution, fully registered Bonds may be exchanged for a like aggregate principal amount of coupon Bonds of the same maturity or for a like aggregate principal amount of fully registered Bonds of the same maturity of other authorized denominations, and coupon Bonds may be exchanged for a like ag-



gregate principal amount of fully registered Bonds of the same maturity of authorized denominations.

This Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at said office of the Fiscal Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds without coupons, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Agency and the Fiscal Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Agency and the Fiscal Agent shall not be affected by any notice to the contrary.

The rights and obligations of the Agency and of the holders and registered owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Resolution, but no such modification or amendment may (1) extend the maturity hereof or reduce the interest rate hereon, or otherwise alter or impair the obligation of the Agency to pay the principal hereof, or interest hereon, or any premium payable on the redemption hereof, at the time and place and at the rate and in the currency provided herein, without the express consent of the registered owner of this Bond, or (2) permit the creation by the Agency of any pledge of or lien upon the Tax Revenues or the Investment Revenues (hereinbefore referred to) superior to or (except as expressly provided in the Resolution with respect to Additional Bonds) on a parity with the pledge and lien herein and in the Resolution created for the benefit of the Bonds, or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, or (3) modify any of the rights or obligations of the Fiscal Agent or of any paying agent without its written assent thereto; all as more fully set forth in the Resolution.

This Bond is not a debt of the City of Redlands, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon,

nor in any event shall this Bond be payable out of any funds or properties other than those of the Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Fiscal Agent.

IN WITNESS WHEREOF, the Redevelopment Agency of the City of Redlands has caused this Bond to be executed in its name and on its behalf by its Chairman and its Secretary, and the seal of the Agency to be reproduced hereon, and this Bond to be dated March 1, 1977.

REDEVELOPMENT AGENCY OF THE  
CITY OF REDLANDS

By

\_\_\_\_\_  
*Chairman*

\_\_\_\_\_  
*Secretary*

[Seal]



[FORM OF FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND  
REGISTRATION TO APPEAR ON REGISTERED BONDS]

This is one of the Bonds described in the within-mentioned  
Resolution, which has been registered this ..... day of  
....., .....

BANK OF AMERICA NATIONAL TRUST  
AND SAVINGS ASSOCIATION,  
*as Fiscal Agent*

By \_\_\_\_\_

*Authorized Officer*

[FORM OF CORRESPONDING COUPON BOND ENDORSEMENT]

*Notice: No writing below except by the Fiscal Agent*

This registered Bond is issued in lieu of or in exchange for coupon Bond(s) of this issue, interest rate and maturity, numbered ....., in the denomination of \$5,000, not contemporaneously outstanding, aggregating the face value hereof; and coupon Bond(s) of this issue and of the same interest rate and maturity aggregating the face value hereof [and bearing the above serial number(s) which has (have) been reserved for such coupon Bond(s)] will be issued in exchange for this registered Bond and upon surrender and cancellation thereof and upon payment of charges, all as provided in the within-mentioned Resolution.

## [FORM OF ASSIGNMENT]

For value received, the undersigned do(es) hereby sell, assign and transfer unto ..... the within-mentioned Bond and hereby irrevocably constitute and appoint ..... attorney to transfer the same on the books of the Fiscal Agent, with full power of substitution in the premises.

Dated: .....

SECTION 2.05. *Execution of Bonds.* The Bonds shall be executed on behalf of the Agency by the signature of its Chairman and the signature of its Secretary who are in office on the date of the adoption of this Resolution or at any time thereafter, and the seal of the Agency shall be impressed, imprinted or reproduced by facsimile thereon. Either of such signatures may be affixed by facsimile thereof, provided that one of such signatures shall be manually signed on each Bond. The interest coupons attached to the Bonds shall bear the facsimile of the signature of said Secretary. If any officer whose signature appears on any Bond or coupon ceases to be such officer before delivery of the Bonds to the purchaser, such signature, either on the Bonds or the coupons, or on both, shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond or coupon may be signed on behalf of the Agency by such persons as at the actual date of the execution of such Bond or coupon shall be the proper officers of the Agency although at the nominal date of such Bond or coupon any such person shall not have been such officer of the Agency.

Only such of the fully registered Bonds as shall bear thereon a certificate of authentication and registration in the form hereinbefore recited, executed and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Fiscal Agent shall be conclusive evidence that the Bonds so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Resolution.



SECTION 2.06. *Transfer of Coupon Bonds.* All coupon Bonds shall be negotiable and transferable by delivery. The Agency, the Fiscal Agent and any Paying Agent may treat the bearer of any coupon Bond, whether or not such Bond shall be overdue, and the bearer of any coupon, whether or not such coupon shall be overdue, as the absolute owner of such Bond or coupon for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Agency, the Fiscal Agent and any Paying Agent shall not be affected by any notice to the contrary.

SECTION 2.07. *Transfer of Fully Registered Bonds.* Any fully registered Bond without coupons may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.09, by the person in whose name it is registered, in person or by his attorney duly authorized in writing, upon surrender of such fully registered Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Fiscal Agent, duly executed.

Whenever any Bond shall be issued pursuant to this Resolution as a fully registered Bond without coupons, there shall be reserved by the Fiscal Agent unissued an aggregate principal amount of coupon Bonds, of the same maturity and of the denomination of \$5,000, equal to the principal amount of such registered Bond, and in such case the serial number or numbers of the coupon Bond or Bonds so reserved, together with an appropriate statement as to such reservation, shall be endorsed on such registered Bond.

Whenever any fully registered Bond or Bonds without coupons shall be surrendered for transfer, the Agency shall execute and the Fiscal Agent shall deliver a new fully registered Bond or Bonds, for like aggregate principal amount, which shall have endorsed thereon the same coupon Bond serial number or numbers, if any, so reserved.

No transfers of fully registered Bonds shall be required to be made during the 15 days next preceding each interest payment date.

SECTION 2.08. *Exchange of Bonds.* Fully registered Bonds without coupons may be exchanged at the principal office of the Fiscal Agent in Los Angeles, California, for a like aggregate prin-



principal amount of coupon Bonds (or for a like aggregate principal amount of fully registered Bonds of other authorized denominations) of the same maturity, and coupon Bonds may be exchanged at said office of the Fiscal Agent for a like aggregate principal amount of fully registered Bonds of authorized denominations of the same maturity. All coupon Bonds surrendered for exchange and delivered in exchange shall have attached thereto all unmatured coupons appertaining thereto (together with any matured coupons in default appertaining thereto). The Fiscal Agent shall preserve coupon Bonds surrendered to it for exchange, and may subsequently reissue said coupon Bonds in exchange for a like aggregate principal amount of fully registered Bonds, as hereinabove provided, after detaching all matured interest coupons appertaining thereto. The Agency may charge a sum not exceeding \$5.00 for each Bond issued upon any exchange (except in the case of any exchange of temporary Bonds for definitive Bonds and except in the case of the first exchange of any definitive Bond in the form in which it is originally issued) and the Fiscal Agent shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

SECTION 2.09. *Bond Register.* The Fiscal Agent will keep or cause to be kept, at its principal office in Los Angeles, California, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Agency; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

SECTION 2.10. *Temporary Bonds.* The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency, shall be without coupons and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed by the Agency upon the same conditions and in substantially the same



manner as the definitive Bonds. If the Agency issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the principal office of the Fiscal Agent in Los Angeles, California, and the Fiscal Agent shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive coupon Bonds or definitive fully registered Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Resolution as definitive Bonds authenticated and delivered hereunder.

SECTION 2.11. *Bonds Mutilated, Lost, Destroyed or Stolen.* If any Bond shall become mutilated, the Agency, at the expense of the owner of said Bond, shall execute, and the Fiscal Agent shall thereupon deliver, a new Bond of like tenor and number (having annexed appropriate coupons corresponding to those, if any, annexed to the mutilated Bond) in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated together with any unpaid coupons thereto appertaining. Every mutilated Bond so surrendered to the Fiscal Agent shall be cancelled by it and delivered to, or upon the order of, the Agency. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Agency and the Fiscal Agent and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Agency, at the expense of the owner, shall execute, and the Fiscal Agent shall thereupon deliver, a new Bond of like tenor and number (having annexed appropriate coupons corresponding to those, if any, annexed to the lost, destroyed or stolen Bond) in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Agency may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Agency and the Fiscal Agent in the premises. Any Bond or coupon issued under the provisions of this Section in lieu of any Bond or coupon alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Agency whether or not

the Bond or coupon so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Bonds and coupons issued pursuant to this Resolution.

### ARTICLE III

#### ISSUE OF BONDS; ADDITIONAL BONDS

SECTION 3.01. *Issuance of Bonds.* At any time after the adoption of this Resolution the Agency may sell and deliver Bonds in the aggregate principal amount of Four Million Five Hundred Thousand Dollars (\$4,500,000).

SECTION 3.02. *Application of Proceeds of Sale of Bonds.* (a) Upon the receipt of payment for any of the Bonds when the same shall have been sold by the Agency, the proceeds thereof shall be paid to the Fiscal Agent, which shall forthwith set aside and pay over such proceeds as follows:

(1) The Fiscal Agent shall pay over to the Escrow Bank the sum of \$4,396,925.

(2) The Fiscal Agent shall set aside in the Investment Revenue Fund established pursuant to Section 4.01 a sum certified by an Independent Certified Public Accountant to be sufficient, when added to the Investment Revenues to become available for such purpose, to pay the interest on the Bonds as it becomes due on and before July 1, 1987, including in said sum an amount equal to any accrued interest and any premium received on the sale of the Bonds.

(3) The Fiscal Agent shall pay the remainder of such proceeds to the Treasurer for deposit in the Expense Fund established pursuant to Section 3.06.

(b) If the proceeds of the sale of the Bonds are insufficient to provide the amounts required by paragraphs (1) and (2) of the foregoing subsection (a) to be paid to the Escrow Bank and set aside in the Investment Revenue Fund, the Agency, at the time of delivery of the Bonds, shall, from any legally available funds, de-



posit with the Fiscal Agent an amount sufficient to make up the deficiency.

SECTION 3.03. *Escrow Fund.* There is hereby created a fund to be known as the "Escrow Fund", which the Agency hereby covenants and agrees to cause to be maintained and be held in trust by the Escrow Bank.

The Agency hereby covenants to exercise, on July 1, 1987, the privilege of redemption of the 1975 Bonds and in connection therewith to take all steps required by the resolution authorizing the issuance of the 1975 Bonds to insure that such privilege is exercised, to the end that the 1975 Bonds are in fact redeemed on July 1, 1987. The Agency also covenants to direct the Escrow Bank to notify the fiscal agent under said resolution of the necessity of giving notice of redemption, in accordance with section 9 of the escrow agreement, dated as of February 8, 1977, between the Agency and the Escrow Bank.

SECTION 3.04. *Reserve Fund.* There is hereby created a fund to be known as the "Reserve Fund," which the Agency hereby covenants to cause to be maintained on and after the Refunding Date and which shall be held in trust by the Fiscal Agent. On the Refunding Date, there shall be transferred to the Reserve Fund the balance then on deposit in the Redlands Redevelopment Project Reserve Fund created by the resolution authorizing the issuance of the 1975 Redlands Redevelopment Project Tax Allocation Bonds. Moneys in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of replenishing the Interest Account or the Principal Account in the event of any deficiency in either of said Accounts, or for the purpose of paying interest on and principal of the Bonds (and any Additional Bonds) if no other funds are available therefor. The Minimum Reserve Fund Balance shall be maintained in the Reserve Fund, and any deficiency therein shall be made up from the first available moneys in the Special Fund established pursuant to Section 4.02. The Minimum Reserve Fund Balance may be increased by any resolution authorizing the issuance of Additional Bonds pursuant to Section 3.07. Any moneys in the Reserve Fund in excess of the Minimum Reserve Fund Balance shall



be transferred to the Special Fund. No payment need be made into the Reserve Fund if and when the amounts contained therein and in the Special Fund are at least equal to the redemption prices of all of the Bonds (and any Additional Bonds) outstanding plus interest thereon to the next ensuing date of redemption.

SECTION 3.05. *Redevelopment Fund.* There is hereby created a fund to be known as the "Redevelopment Fund," which the Agency hereby covenants and agrees to cause to be maintained on and after the Refunding Date and which shall be held in trust by the Treasurer. On the Refunding Date, the balance then on deposit in the Redlands Redevelopment Project Redevelopment Fund created by the resolution authorizing the issuance of the 1975 Redlands Redevelopment Project Tax Allocation Bonds shall be transferred to the Redevelopment Fund. The moneys in such fund shall be used in the manner provided by law solely for the purpose of aiding in financing the Project. The Agency warrants that no withdrawal shall be made from the Redevelopment Fund for any purpose not authorized by law. Any moneys in excess of the amount required to complete the Project may be transferred from the Redevelopment Fund to the Special Fund.

SECTION 3.06. *Expense Fund.* The Treasurer shall establish a special fund to be known as the "Expense Fund." The Treasurer shall use moneys in the Expense Fund for the payment of costs and expenses incident to the issuance and sale of the Bonds, including fees of financing consultants and bond counsel, printing costs and any other costs and expenses incident to the issuance and sale of the Bonds. On the Refunding Date any remaining balance in the Expense Fund shall be transferred to the Fiscal Agent for deposit in the Special Fund created by Section 4.02.

SECTION 3.07. *Issuance of Additional Bonds.* (a) After the Refunding Date, the Agency may issue bonds ("Additional Bonds"), payable from Tax Revenues and equally and ratably secured with the Bonds by Tax Revenues, to finance or refinance the Project, but only subject to the following specific conditions which are hereby made conditions precedent to the delivery of any such Additional Bonds:



(1) The Agency shall be in compliance with all covenants set forth in this Resolution.

(2) Tax Revenues received or to be received by the Agency, during the fiscal year in which such Additional Bonds are issued, based upon the most recent assessed valuation of taxable property in the Redevelopment Project Area (as certified by the Auditor-Controller of San Bernardino County) plus, at the option of the Agency, an allowance for additional Tax Revenues to be received by the Agency during the twelve-month period commencing on the day next succeeding the last day of the period for which interest on said Additional Bonds shall have been fully funded from the proceeds of such Additional Bonds (provided that in such case no principal of such Additional Bonds shall become due prior to the termination of said twelve-month period), based upon an estimated increase in the assessed valuation of taxable property in the Redevelopment Project Area over the amount shown on the most recent equalized assessment roll of San Bernardino County, in an amount equal to such estimated additional Tax Revenues (provided that (i) such estimate shall be made in writing by the County Auditor or by the County Assessor of San Bernardino County or by a duly licensed independent M.A.I. real estate appraiser designated by the Agency and approved by the Fiscal Agent, which approval shall not be unreasonably withheld; (ii) such estimate shall assume no increase in the then current tax rates; and (iii) such estimate, to the extent that it includes the estimated value of taxable secured and unsecured property, shall consider only projects for which substantial binding obligations have been incurred and for which adequate funds have been committed) shall be at least equal to the maximum amount of principal and interest (on all outstanding Bonds and Additional Bonds) which will become due and payable in any fiscal year following the issuance of such Additional Bonds.

(3) The resolution providing for such Additional Bonds shall require that from the proceeds of such sale there shall be deposited in the Reserve Fund an amount which, when added to the balance then on hand in the Reserve Fund, will be equal to the amount of interest (on all outstanding Bonds and Addi-



tional Bonds) which will become due and payable on the next two interest payment dates following the issuance of such Additional Bonds.

(4) The Additional Bonds shall mature on July 1, the interest thereon shall be payable on July 1 and January 1 of each year, and the Additional Bonds shall not be subject to call or redemption prior to July 1, 1988.

(b) If at any time the amount in the Reserve Fund is less than the Minimum Reserve Fund Balance required by Section 3.04 and the Agency determines that such deficiency is due to a temporary delay in the receipt of Tax Revenues, the Agency may issue and sell notes payable from Tax Revenues on a parity with the Bonds and any Additional Bonds, solely for the purpose of restoring said Minimum Reserve Fund Balance, provided that such notes shall mature no later than one year from their date, and provided further that in no event shall the principal amount of such notes exceed the amount of Tax Revenues estimated to be received by the Agency during the next twelve months following the issuance of such notes, provided that such estimate of Tax Revenues shall be made in writing by the County Auditor or by the County Assessor of San Bernardino County.

(c) If the Agency shall issue any "Parity Bonds" pursuant to section 18 of the resolution authorizing the issuance of the 1975 Redlands Redevelopment Project Tax Allocation Bonds, any such "Parity Bonds" which are outstanding on the Refunding Date shall thereafter be treated, for all purposes of this Resolution, as Additional Bonds issued pursuant to this Section 3.07.

SECTION 3.08. *Validity of Bonds.* The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Project or upon the performance by any person of his obligation with respect to the Project.

#### ARTICLE IV

##### INVESTMENT REVENUES; TAX REVENUES; SPECIAL FUND AND ACCOUNTS

SECTION 4.01. *Pledge of Investment Revenues and Tax Revenues.* (a) On and before the Refunding Date all of the Investment Revenues and any other moneys deposited in the Investment Rev-



enue Fund are hereby irrevocably pledged to the punctual payment of the interest becoming due on the Bonds, and the Investment Revenues shall not be used for any other purpose except as expressly permitted by the following subsection (b). Such pledge shall constitute a first lien on the Investment Revenues for the payment of such interest. After the Refunding Date, the Bonds shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent hereinafter provided) of all of the Tax Revenues and all of the moneys in the Reserve Fund. This pledge of Tax Revenues is for the exclusive benefit of the Bonds (and any Additional Bonds) and shall be irrevocable until all of the Bonds (and any Additional Bonds) and all of their appertaining coupons have been paid and retired. The Agency will not issue any obligation or security superior to or on a parity with the Bonds, payable in whole or in part from the Tax Revenues (other than Additional Bonds issued pursuant to Section 3.07) until all of the Bonds have been paid and retired.

(b) The Fiscal Agent shall establish a special fund to be known as the "Investment Revenue Fund," which shall be maintained until the Refunding Date and shall be held in trust and applied solely for the purposes authorized in this Section 4.01. The Fiscal Agent shall use moneys in the Investment Revenue Fund (1) for the purpose of paying interest on the Bonds as it becomes due and payable and (2) for the payment of the fees and expenses of the Fiscal Agent and the Paying Agents and any other expenses required by the terms of this Resolution.

Moneys in the Investment Revenue Fund not immediately required to be expended may, and upon the written request of the Agency shall, be invested by the Fiscal Agent in obligations authorized for investment of the Escrow Fund maturing prior to the interest payment date or other date on which such moneys are required to be paid out hereunder. Any interest, profit or loss on such investment shall be credited or charged to the Investment Revenue Fund.

On the Refunding Date, after provision for the payment of all interest becoming due and payable on the Bonds on or before the Refunding Date, and of any fees or expenses payable from the Investment Revenue Fund on or before the Refunding Date, the Fiscal



Agent shall transfer any remaining balance in the Investment Revenue Fund to the Special Fund created by Section 4.02.

SECTION 4.02. *Special Fund.* There is hereby created a fund to be known as the "Special Fund," which the Agency hereby covenants and agrees to cause to be maintained on and after the Refunding Date and which shall be held in trust by the Fiscal Agent. On the Refunding Date, the balance then on deposit in the Redlands Redevelopment Project Special Fund created by the resolution authorizing the issuance of the 1975 Redlands Redevelopment Project Tax Allocation Bonds shall be transferred to the Special Fund. On and after the Refunding Date, the Agency shall pay or cause to be paid to the Fiscal Agent all of the Tax Revenues, and the Agency covenants that it will, so far as permitted by law, authorize and direct, and does hereby authorize and direct, the payment of the Tax Revenues by the respective taxing agencies, as defined in Article 6 of Chapter 6 of the Law and Article XVI, Section 16 of the Constitution of the State of California, directly to the Fiscal Agent. All Tax Revenues at any time paid into the Special Fund shall be held by the Fiscal Agent in trust for the benefit of the holders from time to time of the Bonds (and any Additional Bonds) and of the coupons appertaining thereto, and shall be disbursed, allocated and applied solely for the uses and purposes hereinafter in this Article IV set forth.

The Fiscal Agent, on or before January 2 of each year, shall ascertain the amount of Tax Revenues received or to be received by the Agency based upon the most recent assessed valuation of taxable property in the Project Area (as certified by the Auditor-Controller of San Bernardino County), shall estimate that portion of said Tax Revenues which will be in excess of the amount of principal and interest then due or to become due on the next following July 1 and January 1 on the Bonds and on any Additional Bonds then outstanding, and shall promptly notify the Agency of the excess portion so determined. The Agency may, by written notice to the Fiscal Agent within 30 days after receipt of such notification, direct that an amount not exceeding said excess portion be paid to the Agency, which amount may be used by the Agency for any purpose authorized in the Law; provided that the Agency may direct the Fiscal Agent to pay all or any remaining part of said excess



portion to the Auditor-Controller of San Bernardino County for payment into the funds of the respective taxing agencies. Upon receipt of the Tax Revenues, the Fiscal Agent shall make such payment or payments, as directed by the Agency.

The remaining balance of said excess portion shall be retained by the Fiscal Agent and may be used and applied to purchase outstanding Bonds (or Additional Bonds) in the manner hereinafter set forth. The remaining balance of said excess portion may also be used and applied to redeem outstanding Bonds (or Additional Bonds) in accordance with Section 2.03 (or the provisions of any resolution of the Agency governing the redemption of Additional Bonds). Any such redemption shall be carried out by the Fiscal Agent at the direction of the Agency.

Purchase of outstanding Bonds (or Additional Bonds) may be made by the Fiscal Agent at public or private sale as and when and at such prices as the Fiscal Agent may in its discretion determine, but only at prices (including brokerage or other expenses) not more than par value plus accrued interest plus the premium applicable at the next following call date. Any Bonds so purchased together with all unpaid interest coupons appertaining thereto shall be cancelled by the Fiscal Agent and surrendered to the Agency and shall not be reissued.

SECTION 4.03. *Establishment and Maintenance of Accounts for Tax Revenues; Use and Withdrawal of Revenues.* The Fiscal Agent shall transfer moneys from the Special Fund to the Reserve Fund as and when required by Section 3.04. The Fiscal Agent shall also set aside moneys in the Special Fund in the following respective special accounts (each of which is hereby created and each of which the Agency covenants and agrees to cause to be maintained), as hereinafter in this Section provided. All moneys in each of said accounts shall be held in trust by the Fiscal Agent and shall be applied, used and withdrawn only for the purposes hereinafter in this Section provided.

(a) *Interest Account.* On or before the last day of December, 1987, and the last days of each June and December thereafter, the Fiscal Agent shall set aside from the Special



Fund in the Interest Account an amount equal to the aggregate amount of interest becoming due and payable on the outstanding Bonds (and any Additional Bonds) on the next succeeding interest payment date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding interest payment date upon all of the Bonds (and any Additional Bonds) then outstanding. All moneys in the Interest Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying the interest on the Bonds (and any Additional Bonds) as it shall become due and payable (including accrued interest on any Bonds [and any Additional Bonds] purchased or redeemed prior to maturity pursuant to this Resolution).

(b) *Principal Account.* On or before the 30th day of each June, beginning June 30, 1988, the Fiscal Agent shall set aside from the Special Fund in the Principal Account an amount equal to the aggregate yearly amount of principal becoming due and payable on the outstanding Bonds (and any Additional Bonds) on the next principal payment date. No deposit need be made into the Principal Account so long as the amount contained therein is sufficient to pay the principal of all Bonds (and any Additional Bonds) then outstanding and maturing by their terms on the next succeeding July 1. All moneys in the Principal Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying the principal of Bonds (and any Additional Bonds) as they shall become due and payable.

## ARTICLE V

### OTHER COVENANTS OF THE AGENCY

SECTION 5.01. *Punctual Payment.* The Agency will punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Resolution, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and of the Bonds. Nothing herein contained shall prevent the Agency from making advances of its own moneys howsoever derived to any of the uses or purposes referred to herein.



SECTION 5.02. *Accumulation of Coupons.* In order to prevent any accumulation of coupons or claims for interest after maturity, the Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any coupon appertaining to or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding said coupons or claims for interest or in any other manner. In case any such coupon or claim for interest shall be extended or funded, whether or not with the consent of the Agency, such coupon or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Resolution, except subject to the prior payment in full of the principal of all of the Bonds then outstanding and of all coupons and claims for interest which shall not have been so extended or funded.

SECTION 5.03. *Against Encumbrances.* The Agency will not encumber, pledge or place any charge or lien upon any of the Tax Revenues or any of the Investment Revenues superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as provided in Section 3.07.

SECTION 5.04. *Management and Operation of Properties.* The Agency will manage and operate all properties owned by the Agency and comprising any part of the Project in a sound and business-like manner, and will keep such properties insured at all times in conformity with sound business practice.

SECTION 5.05. *Payment of Claims.* The Agency will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Tax Revenues or any part thereof, or upon any funds in the hands of the Fiscal Agent or any Paying Agent, or which might impair the security of the Bonds. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

SECTION 5.06. *Books and Accounts; Financial Statements.* The Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency,



in which complete and correct entries shall be made of all transactions relating to the Project, the Investment Revenues (before the Refunding Date) and the Tax Revenues (after the Refunding Date). Such books of record and accounts shall at all times during business hours be subject to the inspection of the holders of not less than ten per cent (10%) of the principal amount of the Bonds then outstanding, or their representatives authorized in writing.

The Agency will prepare and file with the Fiscal Agent annually, within one hundred twenty (120) days after the close of each Fiscal Year so long as any of the Bonds are outstanding, complete financial statements with respect to the preceding Fiscal Year showing the Investment Revenues (before the Refunding Date) and the Tax Revenues (after the Refunding Date), all disbursements therefrom and the financial condition of the Project, including the balances in all funds and accounts relating to the Project as of the end of such Fiscal Year, which statements shall be accompanied by a certificate or opinion in writing of an Independent Certified Public Accountant. The Agency will furnish a copy of such statements to any Bondholder upon request.

SECTION 5.07. *Protection of Security and Rights of Bondholders.* The Agency will preserve and protect the security of the Bonds and the rights of the Bondholders, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the Agency, the Bonds and coupons appertaining thereto shall be incontestable by the Agency.

SECTION 5.08. *Maintenance of Paying Agents.* The Agency shall appoint and at all times have a Paying Agent for the payment of the principal of, and the interest on, the Bonds in each of the following places, namely, in the Borough of Manhattan, City of New York, State of New York, and in the City of Chicago, County of Cook, State of Illinois. The Fiscal Agent shall make such credit arrangements with such Paying Agents and with the Treasurer as may be necessary to assure, to the extent of the moneys held by the Fiscal Agent for such payment, the prompt payment of the



principal of, and interest on, the Bonds presented at any place of payment.

SECTION 5.09. *Payment of Taxes and Other Charges.* Subject to the provisions of Section 5.12 the Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or the properties then owned by the Agency in the Project Area when the same shall become due. Nothing herein contained shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said taxes, assessments or charges. The Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Project or any part thereof.

SECTION 5.10. *Completion of Project.* The Agency will continue to completion, with all practicable dispatch, the Project, and the Project will be accomplished and completed in a sound and economical manner and in conformity with the Redevelopment Plan and the Law.

SECTION 5.11. *Eminent Domain Proceeds.* If all or any part of the lands owned by the Agency in the Project Area shall be taken by eminent domain proceedings, the net proceeds realized by the Agency therefrom shall be deposited with the Fiscal Agent in a special fund in trust and shall be applied and disbursed by the Fiscal Agent subject to the following conditions:

(a) If such proceeds are sufficient to provide for the payment of the entire amount of principal due or to become due upon all of the Bonds (and any Additional Bonds), together with all of the interest due or to become due thereon and any redemption premiums, so as to enable the Agency to retire all of the Bonds (and any Additional Bonds) then outstanding, either by redemption at the then current redemption prices or by payment at maturity or partly by redemption prior to maturity and partly by payment at maturity, the Fiscal Agent shall apply such moneys to such retirement and to the payment of such interest. The balance of such moneys, if any, shall be transferred to the Agency.



(b) If such proceeds are insufficient to provide the moneys required for the purposes set forth in the foregoing subsection (a), the Agency shall by resolution determine to apply such proceeds for one of the following purposes, subject to the conditions hereinafter in this subsection (b) set forth:

(1) The Agency may determine to apply such proceeds to the redemption of Bonds (and Additional Bonds) then outstanding (or to the purchase thereof in anticipation of redemption). In that event, such proceeds shall be applied by the Fiscal Agent pro rata to the redemption (or to such purchase) of the Bonds and Additional Bonds then outstanding in the proportion which the principal amount of outstanding Bonds and of Additional Bonds bears to the aggregate principal amount of all Bonds and Additional Bonds then outstanding. If the Fiscal Agent is unable to redeem (or to purchase in anticipation of redemption) Bonds or Additional Bonds (prior to their maturity) in amounts sufficient to exhaust the moneys available, the remainder of such moneys shall be held in trust by the Fiscal Agent and applied to the payment of the Bonds or Additional Bonds as the same become due by their terms, and, pending such application, such remaining moneys may be invested by the Fiscal Agent in the manner provided in Section 6.05 for the investment of moneys in the Special Fund.

(2) The Agency may determine to apply such proceeds to the cost of additions or new facilities to be acquired by the Agency as part of the Project if (A) the Agency first secures and files with the Fiscal Agent a report of an Independent Real Estate Consultant showing (i) the loss in annual Tax Revenues, if any, suffered, or to be suffered, by the Agency by reason of such eminent domain proceedings, (ii) a general description of the additions or new facilities then proposed to be acquired by the Agency from such proceeds, and (iii) an estimate of the additional Tax Revenues to be derived from such additions or new facilities; and (B) the Fiscal Agent, on the basis of such report, determines that such additional Tax Revenues will sufficiently offset the loss of Tax Revenues resulting from such eminent domain proceedings so that the ability



of the Agency to meet its obligations hereunder will not be substantially impaired. Such determination by the Fiscal Agent shall be final and conclusive. If said conditions are satisfied, the Fiscal Agent shall pay over such proceeds to the Agency, and the Agency shall hold such proceeds in a separate account in trust. The Agency shall then promptly proceed with the acquisition of the additions or new facilities substantially in accordance with such Independent Real Estate Consultant's report. Payments for such acquisition shall be made by the Agency from such proceeds. Any balance of such proceeds not required by the Agency for the purposes aforesaid shall be deposited in the Special Fund and applied only as provided in Sections 4.02 and 4.03.

(c) If such eminent domain proceedings have had no effect, or at the most a relatively immaterial effect, upon the security of the Bonds, and if the Agency by resolution so requests, the Fiscal Agent may so determine. Such determination by the Fiscal Agent shall be final and conclusive and the Fiscal Agent shall then cause such proceeds to be deposited in the Redevelopment Fund, to be applied only as provided in Section 3.05.

SECTION 5.12. *Taxation of Leased Property.* Whenever any property in the Project has been redeveloped and thereafter is leased by the Agency to any person or persons or whenever the Agency leases real property in the Project to any person or persons for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property (in accordance with Section 33673 of the Health and Safety Code of the State of California), and the lease or contract shall provide (1) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of his or its leasehold interest, and (2) that if for any reason the taxes paid by the lessee on such property in any year during the term of the lease or contract shall be less than the taxes which would have been payable upon the assessed value of the entire property if the property were assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Fiscal Agent within thirty days after the taxes for such year become payable to the taxing agencies and in any event prior to the



delinquency date of such taxes established by law. All such leases and contracts shall be submitted to the Fiscal Agent prior to their execution so that the Fiscal Agent may determine whether this Section 5.12 is being complied with. All such payments to the Fiscal Agent shall be treated as Tax Revenues and shall be deposited by the Fiscal Agent in the Special Fund. This Section 5.12 shall, however, be effective only from and after the Refunding Date.

SECTION 5.13. *Amendment of Redevelopment Plan and Disposition of Property.* The following provisions of this Section 5.13 shall be effective only from and after the Refunding Date:

(a) The Agency will not authorize the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property planned for such ownership or use by the Redevelopment Plan in effect on the date of this Resolution) so that such disposition shall consist of more than ten per cent (10%) of the land area in the Project Area. If the Agency proposes to make such a disposition, it shall apply to the Fiscal Agent for approval of said proposed amendment. The Agency, with the written concurrence of the Fiscal Agent, shall thereupon appoint a reputable Independent Financial Consultant and a reputable Independent Real Estate Consultant and direct each of said consultants to report separately on the effect of said proposed disposition. If the Report of the Independent Real Estate Consultant concludes that Tax Revenues will not be diminished by the proposed disposition and if the Report of the Independent Financial Consultant concludes that the security of the Bonds or the rights of the Bondholders will not be materially impaired by said proposed disposition, the Fiscal Agent shall approve the proposed disposition. If said Reports respectively conclude that Tax Revenues will be diminished or that such security will be materially impaired by said proposed disposition, the Fiscal Agent shall either disapprove said proposed disposition, or, in its discretion and as a condition precedent to its approval of said proposed disposition, establish the requirements set forth in subsection (b) of this Section 5.13. The Agency shall have the sole and exclusive authority to appoint said consultants with the written concurrence of the Fiscal



Agent. Neither the Fiscal Agent nor said consultants shall be liable in connection with the performance of their duties hereunder, except for their own negligence or willful default.

(b) If the Fiscal Agent is not required to approve said proposed disposition pursuant to subsection (a) of this Section 5.13, the Fiscal Agent may nevertheless approve said proposed disposition, provided that, as a condition precedent to said approval, the Agency shall be required not to dispose of any property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property planned for such ownership or use by the Redevelopment Plan in effect on the date of this Resolution), without imposing the following requirements on such new owner or owners:

(1) Said new owner or owners shall pay to the Fiscal Agent, so long as any of the Bonds (or any Additional Bonds) are outstanding, an amount equal to the amount that would have been received by the Fiscal Agent as Tax Revenues if the property were assessed and taxed in the same manner as privately owned non-exempt property; and

(2) Such payment shall be made to the Fiscal Agent within thirty (30) days after taxes for each year would become payable to the taxing agencies for non-exempt property and in any event prior to the delinquency date of such taxes established by law.

All such payments in lieu of taxes to the Fiscal Agent shall be treated as Tax Revenues and shall be deposited by the Fiscal Agent in the Special Fund.

SECTION 5.14. *Single Sum Payments in Lieu of Taxes.* As an alternative to payment to the Fiscal Agent pursuant to subsection (b) of Section 5.13, the new owner or owners of property becoming exempt from taxation provided for in Section 5.13 may elect to make payment to the Fiscal Agent in a single sum equal to the amount estimated by the Fiscal Agent to be receivable from taxes on said property from the date of said payment to the maturity date of the Bonds, less a reasonable discount value. All such single sum payments in lieu of taxes shall be treated as Tax Revenues and shall



be deposited by the Fiscal Agent in the Special Fund. This Section 5.14 shall be effective only from and after the Refunding Date.

SECTION 5.15. *Further Assurances.* The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for the better assuring and confirming unto the holders of the Bonds of the rights and benefits provided in this Resolution.

## ARTICLE VI

### THE FISCAL AGENT AND THE PAYING AGENTS

SECTION 6.01. *Appointment of Fiscal Agent.* Bank of America National Trust and Savings Association is hereby appointed Fiscal Agent for the Agency to act as the agent and depositary of the Agency for the purpose of receiving all moneys required to be paid to the Fiscal Agent hereunder, to allocate, use and apply the same, to hold, receive and disburse the Investment Revenues and the Tax Revenues and other funds pledged or held hereunder, and otherwise to hold all the offices and perform all the functions and duties provided in this Resolution to be held and performed by the Fiscal Agent. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the Agency a written acceptance thereof; and by executing and delivering such acceptance, the Fiscal Agent shall be deemed to have accepted such duties and obligations, but only upon the terms and conditions set forth in this Resolution.

The Agency may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business and having an office in the City of Los Angeles, State of California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements



of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Fiscal Agent may at any time resign by giving written notice to the Agency and by giving to the Bondholders notice by publication of such resignation, which notice shall be published at least once in a financial newspaper or journal. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

SECTION 6.02. *Appointment of Paying Agents.* The Agency shall appoint a Paying Agent for the purpose of paying the principal of and interest on any of the Bonds presented for payment in New York, New York, and Chicago, Illinois, respectively. The Agency may remove any Paying Agent and any successor thereto, and appoint a successor thereto, but any such successor shall be a bank or trust company doing business and having an office in the Borough of Manhattan, City of New York, State of New York, or in the City of Chicago, County of Cook, State of Illinois, as the case may be. Any Paying Agent may resign upon giving written notice to the Agency or Fiscal Agent. Any such Paying Agent designated by the Agency shall continue to be the Paying Agent of the Agency for the purpose of paying the principal of and interest on the Bonds in New York, New York, or in Chicago, Illinois, as the case may be, until the designation of a successor as such Paying Agent in such city.

SECTION 6.03. *Liability of Agents.* The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the Agency, and neither the Fiscal Agent nor any Paying Agent assumes any responsibility for the correctness of the same, or makes any representations as to validity or sufficiency of this Resolution or of the Bonds or coupons, or shall incur any responsibility in respect thereof,



other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. Neither the Fiscal Agent nor any Paying Agent shall be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

SECTION 6.04. *Notice to Agents.* The Fiscal Agent and any Paying Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent and any Paying Agent may consult with counsel, who may be of counsel to the Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Neither the Fiscal Agent nor any Paying Agent shall be bound to recognize any person as the holder of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Resolution the Fiscal Agent or any Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Fiscal Agent or the Paying Agent, be deemed to be conclusively proved and established by a certificate of the Agency, and such certificate shall be full warrant to the Fiscal Agent or the Paying Agent for any action taken or suffered under the provisions of this Resolution or any Supplemental Resolution upon the faith thereof, but in its discretion the Fiscal Agent or any Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

SECTION 6.05. *Deposit and Investment of Moneys in Funds.* All moneys held by the Fiscal Agent in any of the funds or accounts



established pursuant to this Resolution (except the Investment Revenue Fund) may be deposited in demand or time deposits (which may be represented by certificates of deposit) in any bank or trust company authorized to accept deposits of public funds (including the banking department of the Fiscal Agent), and shall be secured at all times by obligations which are eligible by law to secure deposits of public moneys of a market value at least equal to the amount required by law, except such moneys which are at the time invested as hereinafter provided. Such obligations shall be deposited with such bank or banks as may be selected by the Fiscal Agent and held by or for the account of the Fiscal Agent as security for such deposits, but the Fiscal Agent shall at all times have full power of substitution therefor of other such obligations.

Moneys in the Reserve Fund and the Special Fund, including the accounts created thereunder, may, and upon the written request of the Agency shall, be invested by the Fiscal Agent in Federal Securities or certificates of deposit of banks (including any Paying Agent) which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. All interest received on any moneys so invested shall be deposited in the respective fund or account from which such investment was made.

The Agency covenants with the holders of all Bonds at any time outstanding that it will make no use of the proceeds of the Bonds which will cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of section 103(c) of the Internal Revenue Code of 1954. To that end, so long as any of the Bonds are outstanding, the Agency and the Fiscal Agent, with respect to the proceeds of the Bonds, will comply with all requirements of said section 103(c) and all regulations of the United States Department of the Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect.

## ARTICLE VII

### MODIFICATION OR AMENDMENT OF THE RESOLUTION

SECTION 7.01. *Amendments Permitted.* This Resolution and the rights and obligations of the Agency and of the holders of the Bonds and the coupons may be modified or amended at any time by



a Supplemental Resolution and pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting, of the holders of sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding, exclusive of Bonds disqualified as provided in Section 7.04. No such modification or amendment shall (1) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Agency to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein, without the express consent of the holder of such Bond, or (2) permit the creation by the Agency of any pledge of or lien upon the Tax Revenues or the Investment Revenues, superior to or (except as expressly provided in Section 3.07) on a parity with the pledge and lien herein created for the benefit of the Bonds, or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, or (3) modify any of the rights or obligations of the Fiscal Agent or of any Paying Agent without its written assent thereto.

This Resolution and the rights and obligations of the Agency and of the holders of the Bonds and the coupons may also be modified or amended at any time by a Supplemental Resolution, without the consent of any Bondholders, but only to the extent permitted by law and only for any one or more of the following purposes—

(a) to add to the covenants and agreements of the Agency in this Resolution contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Agency; and

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Resolution, or in regard to questions arising under this Resolution, as the Agency may deem necessary or desirable and not inconsistent with this Resolution, and which shall not adversely affect the interests of the holders of the Bonds.

SECTION 7.02. *Bondholders' Meetings.* The Agency may at any time call a meeting of the Bondholders. In such event the Fiscal Agent is authorized to fix the time and place of said meeting and to



provide for the giving of notice thereof and to fix and adopt rules and regulations for the conduct of said meeting.

SECTION 7.03. *Procedure for Amendment with Written Consent of Bondholders.* The Agency may at any time adopt a Supplemental Resolution amending the provisions of the Bonds or of this Resolution or any Supplemental Resolution, to the extent that such amendment is permitted by Section 7.01, to take effect when and as provided in this Section. A copy of such Supplemental Resolution, together with a request to Bondholders for their consent thereto, shall be mailed by the Agency to each registered owner of Bonds outstanding and to each holder of any such Bonds payable to bearer who shall have filed with the Fiscal Agent an address for notices, but failure to mail copies of such Supplemental Resolution and request shall not affect the validity of the Supplemental Resolution when assented to as in this Section provided. Notice of the fact of the adoption of such Supplemental Resolution (stating that a copy thereof is available for inspection at the office of the Agency) shall be published at least once a week for two successive weeks in a financial newspaper or journal.

Such Supplemental Resolution shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the holders of sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding (exclusive of Bonds disqualified as provided in Section 7.04) and a notice shall have been published as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the holder of the Bonds giving such consent and on any subsequent holder (whether or not such subsequent holder has notice thereof) unless such consent is revoked in writing by the holder giving such consent or a subsequent holder by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section provided for has been published.

After the holders of the required percentage of Bonds shall have filed their consents to the Supplemental Resolution, the Agency



shall mail and publish a notice to the Bondholders in the manner hereinbefore provided in this Section for the mailing of the Supplemental Resolution and publication of the notice of adoption thereof, stating in substance that the Supplemental Resolution has been consented to by the holders of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Resolution or consents thereto). Proof of the publication of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Resolution shall become effective upon the filing with the Fiscal Agent of the proof of the publication of such last-mentioned notice, and the Supplemental Resolution shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the Agency and the holders of all Bonds and coupons at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

SECTION 7.04. *Disqualified Bonds.* Bonds owned or held by or for the account of the Agency, the State of California or any political subdivision thereof (including any municipal corporation, district, public corporation, board or agency, except any pension or retirement fund) shall not be deemed outstanding for the purpose of any vote, consent or other action or any calculation of outstanding Bonds provided for in this Article VII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VII.

The Agency may adopt appropriate regulations to require each Bondholder, before his consent provided for in this Article VII shall be deemed effective, to reveal if the Bonds as to which such consent is given are disqualified as provided in this Section 7.04.

SECTION 7.05. *Effect of Supplemental Resolution.* From and after the time any Supplemental Resolution becomes effective pursuant to this Article VII, this Resolution shall be deemed to be modified and amended in accordance therewith, the respective rights,



duties and obligations under this Resolution of the Agency and all holders of Bonds outstanding (or of interest coupons appertaining thereto, whether attached thereto or detached therefrom) shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes.

SECTION 7.06. *Endorsement or Replacement of Bonds Issued After Amendments.* The Agency may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VII shall bear a notation, by endorsement or otherwise, in form approved by the Agency, as to such action. In that case, upon demand of the holder of any Bond outstanding at such effective date and presentation of his Bond for the purpose at the office of the Fiscal Agent or at such other office as the Agency may select and designate for that purpose, a suitable notation shall be made on such Bond. The Agency may determine that new Bonds, so modified as in the opinion of the Agency is necessary to conform to such Bondholders' action, shall be prepared, executed and delivered. In that case, upon demand of the holder of any Bonds then outstanding, such new Bonds shall be exchanged in the office of the Fiscal Agent in Los Angeles, California, without cost to any Bondholder, for Bonds then outstanding, upon surrender of such Bonds with all unmatured coupons appertaining thereto.

SECTION 7.07. *Amendatory Endorsement of Bonds.* The provisions of this Article VII shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

SECTION 8.01. *Events of Default and Acceleration of Maturities.* If one or more of the following events ("events of default") shall happen, that is to say—



(1) if default shall be made in the due and punctual payment of the principal of any Bond (or any Additional Bond) when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(2) if default shall be made in the due and punctual payment of any installment of interest on any Bond (or any Additional Bond) when and as such interest installment shall become due and payable;

(3) if default shall be made by the Agency in the observance of any of the covenants, agreements or conditions on its part in this Resolution or in the Bonds contained, and such default shall have continued for a period of thirty (30) days; or

(4) if the Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property;

then, and in each and every such case during the continuance of such event of default, the Fiscal Agent, upon notice in writing to the Agency, or the holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, upon notice in writing to the Fiscal Agent and to the Agency, shall be entitled to declare the principal of all of the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Resolution or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the



Agency shall deposit with the Fiscal Agent a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of seven per cent (7%) per annum on such overdue installments of principal, and the reasonable expenses of the Fiscal Agent, and any and all other defaults known to the Fiscal Agent (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Fiscal Agent or provision deemed by the Fiscal Agent to be adequate shall have been made therefor, then, and in every such case, the holders of at least sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding, by written notice to the Agency and to the Fiscal Agent, may, on behalf of the holders of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 8.02. *Application of Funds upon Acceleration.* All of the Investment Revenues and Tax Revenues and all sums in the funds and accounts provided for in Sections 3.04, 4.01(b), 4.02 and 4.03 upon the date of the declaration of acceleration as provided in Section 8.01, and all sums thereafter received by the Fiscal Agent hereunder shall be applied by the Fiscal Agent in the order following upon presentation of the several Bonds (or Additional Bonds) and coupons, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid—

*First*, to the payment of the costs and expenses of the Fiscal Agent and of the Bondholders in declaring such event of default, including reasonable compensation to its or their agents, attorneys and counsel;

*Second*, to the payment of the whole amount then owing and unpaid upon the Bonds (and any Additional Bonds) for principal and interest, with interest on the overdue principal and installments of interest at the rate of seven per cent (7%) per annum (to the extent that such interest on overdue installments of interest shall



have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds (and any Additional Bonds), then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

SECTION 8.03. *Other Remedies of Bondholders.* Any Bondholder shall have the right, for the equal benefit and protection of all Bondholders similarly situated—

(1) by mandamus, suit, action or proceeding, to compel the Agency and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Resolution and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Agency and the fulfillment of all duties imposed upon it by the Law;

(2) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondholders' rights; or

(3) upon the happening of any event of default (as defined in Section 8.01), by suit, action or proceeding in any court of competent jurisdiction, to require the Agency and its members and employees to account as if it and they were the trustees of an express trust.

SECTION 8.04. *Non-waiver.* Nothing in this Article VIII or in any other provision of this Resolution, or in the Bonds or in the coupons, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective holders of the Bonds and coupons at the respective dates of maturity, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of such holders to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and coupons.



A waiver of any default by any Bondholder shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any holder of any of the Bonds or coupons to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Bondholders by the Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the holders of Bonds.

If a suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Bondholders, the Agency and the Bondholders shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

SECTION 8.05. *Actions by Fiscal Agent as Attorney-in-Fact.* Any suit, action or proceeding which any holder of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Fiscal Agent for the equal benefit and protection of all holders of Bonds similarly situated and the Fiscal Agent is hereby appointed (and the successive respective holders of the Bonds and interest coupons issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective holders of the Bonds and interest coupons for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and in behalf of the respective holders of the Bonds and coupons as a class or classes, as may be necessary or advisable in the opinion of the Fiscal Agent as such attorney-in-fact.

SECTION 8.06. *Remedies Not Exclusive.* No remedy herein conferred upon or reserved to the holders of Bonds is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.



## ARTICLE IX

## MISCELLANEOUS

SECTION 9.01. *Benefits of Resolution Limited to Parties.* Nothing in this Resolution, expressed or implied, is intended to give to any person other than the Agency, the Fiscal Agent, the Paying Agents and the holders of the Bonds and coupons, any right, remedy or claim under or by reason of this Resolution. Any covenants, stipulations, promises or agreements in this Resolution contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the holders of the Bonds and coupons, the Fiscal Agent and the Paying Agents.

SECTION 9.02. *Successor Is Deemed Included in All References to Predecessor.* Whenever in this Resolution or any Supplemental Resolution either the Agency or the Fiscal Agent or any Paying Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Resolution contained by or on behalf of the Agency or the Fiscal Agent or any Paying Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 9.03. *Discharge of Resolution.* If the Agency shall pay and discharge the entire indebtedness on all Bonds outstanding in any one or more of the following ways—

(1) by well and truly paying or causing to be paid the principal of and interest on Bonds outstanding, as and when the same become due and payable;

(2) by depositing with the Fiscal Agent, in trust, funds pursuant to this Resolution fully sufficient to pay and available for the payment of all amounts due on all Bonds outstanding, including all principal, interest and redemption premiums; and

(3) by depositing with the Fiscal Agent, in trust, Federal Securities or cash sufficient to purchase Federal Securities in such amount as the Fiscal Agent shall determine will, together with the interest to accrue thereon and moneys then on deposit with the Fiscal Agent, be fully sufficient to pay and discharge the



indebtedness on all Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates—

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in this Resolution provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the Agency, and notwithstanding that any Bonds or interest coupons shall not have been surrendered for payment, the pledge of the Investment Revenues and Tax Revenues and other funds provided for in this Resolution and all other obligations of the Agency under this Resolution with respect to all Bonds outstanding shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the holders of the Bonds and interest coupons not so surrendered and paid all sums due thereon. Notice of such election shall be filed with the Fiscal Agent and each Paying Agent.

Any funds held by any Paying Agent, at the time of receipt by the Paying Agent of such notice from the Agency, which are not required for the purpose above mentioned, shall be paid over to the Fiscal Agent. Any funds thereafter held by the Fiscal Agent, which are not required for said purpose, shall be paid over to the Agency.

SECTION 9.04. *Execution of Documents and Proof of Ownership by Bondholders.* Any request, declaration or other instrument which this Resolution may require or permit to be executed by Bondholders may be in one or more instruments of similar tenor, and shall be executed by Bondholders in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Bondholder or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.



Except as otherwise herein expressly provided, the amount of Bonds transferable by delivery held by any person executing such request, declaration or other instrument or writing as a Bondholder, and the numbers thereof, and the date of his holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Fiscal Agent, executed by a trust company, bank or other depository wherever situated, showing that at the date therein mentioned such person had on deposit with such depository or exhibited to it the Bonds described in such certificate. Continued ownership after the date of deposit stated in such certificate may be proved by the presentation of such certificate if the certificate contains a statement by the depository that the Bonds therein referred to will not be surrendered without the surrender of the certificate to the depository, except with the consent of the Fiscal Agent. The Fiscal Agent may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the holder of any Bond shall bind all future holders of such Bond in respect of anything done or suffered to be done by the Agency or the Fiscal Agent in good faith and in accordance therewith.

SECTION 9.05. *Waiver of Personal Liability.* No member, officer, agent or employee of the Agency shall be individually or personally liable for the payment of the principal of or interest on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 9.06. *Publication for Successive Weeks.* Any publication to be made under the provisions of this Resolution in successive weeks may be made in each instance upon any business day of the week and need not be made on the same day of any succeeding week or in the same newspaper for any or all of the successive publications, but may be made in different newspapers.

SECTION 9.07. *Destruction of Cancelled Bonds.* Whenever in this Resolution provision is made for the surrender to the Agency of any Bonds or coupons which have been paid or cancelled pursuant to the provisions of this Resolution, a certificate of cremation or



destruction duly executed by the Fiscal Agent or by any Paying Agent shall be deemed to be the equivalent of the surrender of such cancelled Bonds and coupons and the Agency shall be entitled to rely upon any statement of fact contained in any such certificate with respect to the destruction or cremation of any such Bonds or coupons therein referred to.

SECTION 9.08. *Notices and Demands on Agency.* Any notice or demand which by any provision of this Resolution is required or permitted to be given or served by the Fiscal Agent to or on the Agency may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Agency with the Fiscal Agent) as follows: Redevelopment Agency of the City of Redlands, Post Office Box 280, Redlands, California 92373. The date of said notice or demand shall be deemed to be the date of the postmark on said notice or demand.

SECTION 9.09. *Partial Invalidity.* If any Section, paragraph, sentence, clause or phrase of this Resolution shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Resolution. The Agency hereby declares that it would have adopted this Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable.

PASSED AND ADOPTED on January 18, 1977, by the following vote:  
*Ayes:* Members: Knudsen, Miller, Grace, Elliott, Chairman DeMirjyn.

*Noes:* None.

*Absent:* None.

/s/ CHARLES G. DEMIRJYN  
 \_\_\_\_\_  
*Chairman, Redevelopment Agency  
 of the City of Redlands*

Attest:

/s/ PEGGY A. MOSELEY  
 \_\_\_\_\_  
*Secretary, Redevelopment Agency  
 of the City of Redlands*

## SECRETARY'S CERTIFICATE

I, Peggy A. Moseley, Secretary of the Redevelopment Agency of the City of Redlands, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Agency duly and regularly held at the regular meeting place thereof on January 18, 1977, of which meeting all of the members of said Agency had due notice and at which a majority thereof were present; and that at said meeting said resolution was adopted by the following vote:

*Ayes:* Members: Knudsen, Miller, Grace, Elliott, Chairman DeMirjyn.

*Noes:* None.

*Absent:* None.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; that said resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said Agency on January 18, 1977.

/s/ PEGGY A. MOSELEY  

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*Secretary, Redevelopment Agency  
of the City of Redlands*

(Seal)



## ESCROW AGREEMENT

### (REFUNDING 1975 REDLANDS REDEVELOPMENT PROJECT TAX ALLOCATION BONDS)

THIS AGREEMENT, dated as of the 8th day of February, 1977, made by and between the REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS (the "Agency"), a public body corporate and politic organized and existing under the laws of the State of California, and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION (the "Escrow Bank"), a national banking association having and exercising full and complete trust powers, duly organized and existing under the laws of the United States of America, being a member of the Federal Deposit Insurance Corporation and having its principal place of business in the City and County of San Francisco, California,

#### WITNESSETH:

WHEREAS, the Agency has heretofore issued \$5,670,000 principal amount of its "1975 Redlands Redevelopment Project Tax Allocation Bonds" (the "1975 Bonds"), all of which remain outstanding; the 1975 Bonds are dated July 1, 1975 and mature on July 1 in the amounts and in the years as follows:

| <u>Year</u> | <u>Principal<br/>Amount</u> | <u>Year</u> | <u>Principal<br/>Amount</u> |
|-------------|-----------------------------|-------------|-----------------------------|
| 1978 .....  | \$ 90,000                   | 1990 .....  | \$230,000                   |
| 1979 .....  | 100,000                     | 1991 .....  | 250,000                     |
| 1980 .....  | 110,000                     | 1992 .....  | 270,000                     |
| 1981 .....  | 120,000                     | 1993 .....  | 300,000                     |
| 1982 .....  | 130,000                     | 1994 .....  | 320,000                     |
| 1983 .....  | 140,000                     | 1995 .....  | 340,000                     |
| 1984 .....  | 150,000                     | 1996 .....  | 370,000                     |
| 1985 .....  | 160,000                     | 1997 .....  | 400,000                     |
| 1986 .....  | 170,000                     | 1998 .....  | 430,000                     |
| 1987 .....  | 190,000                     | 1999 .....  | 470,000                     |
| 1988 .....  | 200,000                     | 2000 .....  | 510,000                     |
| 1989 .....  | 220,000                     |             |                             |

and the 1975 Bonds maturing on or after July 1, 1988 may be redeemed on any interest payment date on or after July 1, 1987, all as more fully set forth in Resolution No. 143 of the Agency adopted June 27, 1975; and

WHEREAS, on January 18, 1977 the Agency adopted Resolution No. 154 authorizing the issuance of its 1977 Redlands Redevelopment Project Tax Allocation Refunding Bonds (the "Bonds") in the aggregate principal amount of \$4,500,000 for the purpose of providing moneys, inter alia, to refund the 1975 Bonds maturing on and after July 1, 1988; and

WHEREAS, ..... (the "Purchaser"), pursuant to an Official Notice of Sale duly authorized and published, submitted the lowest responsible bid for the purchase of the Bonds, and said bid was accepted by the Agency; and

WHEREAS, Resolution No. 154 provided for the creation of a fund to be known as the "Escrow Fund", to be maintained in the Escrow Bank, and for the deposit in the Escrow Fund of a portion of the proceeds of the Bonds; and

WHEREAS, a copy of Resolution No. 154 has been delivered to the Escrow Bank and the provisions therein set forth are herein incorporated by reference thereto as if set forth herein in full; and

WHEREAS, the Federal Securities to be initially acquired by the Escrow Bank for the account of the Agency with appropriate maturities and yields (together with other funds available for that



purpose) to insure the payment of all the Bond requirements are hereinafter described in Exhibit A attached hereto, such exhibit being by this reference incorporated herein; and

WHEREAS, a schedule of receipts of interest when due and principal on the maturity of such Federal Securities and a schedule of debt payments and disbursements in the certified public accountants' report of Main Lafrentz & Co., as required by this Escrow Agreement, attached hereto as Exhibit B, such exhibit being by this reference incorporated herein, demonstrates the sufficiency of the Federal Securities and other funds available therefor to pay the Bond requirements as the same become due;

NOW, THEREFORE, the parties hereto hereby agree as follows:

That in consideration of the mutual agreements herein contained, in consideration of One Dollar (\$1.00) duly paid by the Agency to the Escrow Bank at or before the enrolling and delivery of these presents, the receipt whereof is hereby acknowledged, and in order to secure the payment of the Bond requirements as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

#### **Section 1. Definitions.**

As used in this Escrow Agreement the following terms shall have the following meanings:

##### **Agency.**

The term "Agency" shall mean the Redevelopment Agency of the City of Redlands.

##### **Bond Requirements.**

The term "Bond requirements" shall mean the sum necessary to pay the interest coming due on the Bonds on and before July 1, 1987, and to pay the principal of all 1975 Bonds outstanding on July 1, 1987 plus the redemption premium due upon redemption of said 1975 Bonds on said date.

##### **Bonds.**

The term "Bonds" or "Bond" shall mean any or all, as the case may be, of the 1977 Redlands Redevelopment Project Tax Allocation Refunding Bonds authorized under and secured by the Resolution.

##### **Escrow Agreement.**

The term "Escrow Agreement" shall mean this agreement by and between the Agency and the Escrow Bank, dated as of February 8, 1977.

##### **Escrow Bank.**

The term "Escrow Bank" shall mean Bank of America National Trust and Savings Association, a national banking association duly organized and existing under the laws of the United States of America.

##### **Escrow Fund.**

The term "Escrow Fund" shall mean the fund created under Section 3.03 of the Resolution.

##### **Federal Securities.**

The term "Federal Securities" shall mean direct obligations of the United States of America maturing on or before July 1, 1987.



**Financial Newspaper or Journal.**

The term "Financial Newspaper or Journal" shall include *The Wall Street Journal* and *The Daily Bond Buyer*, and any other newspaper or journal containing financial news and selected by the Escrow Bank, whose decision shall be final and conclusive.

**Fiscal Agent.**

The term "Fiscal Agent" shall mean Bank of America National Trust and Savings Association, acting as fiscal agent or as paying agent under the Resolution, its successors and assigns and any other corporation or association which may at any time be substituted in its place, as provided in the Resolution.

**Person.**

The term "person" shall mean an individual, a corporation, a partnership, a trust, an unincorporated organization or a government or an agency or political subdivision thereof.

**Resolution.**

The term "Resolution" shall mean that certain Resolution No. 154, as originally adopted by the Agency on January 18, 1977 or as it may from time to time be supplemented, modified or amended by any supplemental resolution entered into pursuant to the provisions thereof.

**Resolution No. 143.**

The term "Resolution No. 143" shall mean that certain resolution adopted by the Agency on June 27, 1975, providing the terms and conditions for the issuance of the 1975 Bonds.

**1975 Bonds.**

The term "1975 Bonds" shall mean the 1975 Redlands Redevelopment Project Tax Allocation Bonds, dated as of July 1, 1975, in the aggregate principal amount of \$5,670,000, authorized and issued under and secured by Resolution No. 143.

**Treasurer.**

The term "Treasurer" shall mean the officer who is then performing the functions of Treasurer of the Agency.

**Trust Bank.**

The term "Trust Bank" or "Trust Banks" shall mean any bank meeting the requirements set forth in Section 15(A)(2) of this Escrow Agreement.

**Section 2. Creation of Escrow.**

A. Simultaneously with the delivery of the Bonds, and subject to their issuance, the Agency will deposit or cause to be deposited with the Escrow Bank in escrow to be held and accounted for in the Escrow Fund and paid out as provided in this Escrow Agreement and in the Resolution the sum of \$4,396,925. The Escrow Bank is to acquire with the total amount deposited in the Escrow Fund the Federal Securities set forth in Exhibit A at the cost set forth therein. Said Federal Securities shall be held and accounted for in the Escrow Fund.

B. The Federal Securities to be acquired under this Section 2 are such that if interest thereon and principal thereof are paid as interest and principal become due, the proceeds from the collection of such interest and principal, together with any other funds made available for that purpose,



will be sufficient to permit the prompt payment of the Bond requirements as such Bond requirements become due.

### **Section 3. Purpose of Escrow.**

The Escrow Bank shall hold all Federal Securities, whether acquired as initial investments, subsequent investments or reinvestments hereunder, and the money received from time to time as interest on and principal of Federal Securities hereunder, in trust to secure the payment of the Bond requirements and shall collect the principal of and interest on the Federal Securities held by it hereunder promptly as such principal and interest become due, for application in accordance with the provisions of Section 8 hereof.

### **Section 4. Accounting for Escrow.**

A. The moneys and the Federal Securities from time to time accounted for in the Escrow Fund shall not be subject to checks drawn by the Agency or otherwise subject to its order except as otherwise provided in Section 10 hereof.

B. The Escrow Bank shall transfer funds at the times and in the manner designated herein and in the Resolution to provide sufficient moneys to permit the Fiscal Agent and the fiscal agent for the 1975 Bonds under Resolution No. 143, respectively, to pay without default the Bond requirements as the same become due in accordance with the provisions of the Resolution and Resolution No. 143, respectively.

C. There shall be no redemption prior to maturity of Federal Securities except if necessary to avoid a default in the payment of the Bond requirements.

### **Section 5. Maturities of Federal Securities.**

A. The initial investments and any subsequent investments and reinvestments shall be made, however, in such manner and at such times:

(1) So that the Federal Securities so purchased may be redeemed in due season at their respective maturities and in accordance with the provisions of Section 8 to meet the Bond requirements as the same become due, and

(2) So that any redemption prior to maturity of Federal Securities shall be unnecessary.

B. There shall be no substitution of any Federal Securities for any other Federal Securities at any time evidencing any investment or reinvestment of any moneys held under this Escrow Agreement.

### **Section 6. Investments and Reinvestments.**

A. The Escrow Bank may reinvest any moneys received in payment of the principal of the Federal Securities, or otherwise, and accounted for in the Escrow Fund and any account thereof in Federal Securities, subject to the limitations of Section 5 hereof and of this Section 6.

B. Any such Federal Securities shall not be subject to call and redemption prior to their respective maturities at the option and call of the issuer of them.

C. Any such Federal Securities shall mature on or prior to the date or dates when the proceeds thereof must be available for the prompt satisfaction of the Bond requirements.

D. The Escrow Bank, however, shall have no obligation by virtue of this Escrow Agreement, general trust law, or otherwise, to make any investment or reinvestment of any moneys in escrow at any time except as provided in Section 2 hereof and as hereinafter provided in this Section 6.



E. Subject to the provisions of subsection F of this Section 6, at any time when the Escrow Bank has on hand any moneys accounted for in any account of the Escrow Fund in excess of \$10,000 which will not be needed for a period of 30 days or more for the payment of the Bond requirements, the Escrow Bank shall invest such surplus or so much thereof as can reasonably be so invested in Federal Securities, except as otherwise provided in subsection A of Section 5 hereof.

F. Under no circumstances shall any moneys in the Escrow Fund be invested in securities or obligations, the acquisition of which would cause any of the Bonds to be an "arbitrage bond" as defined in Section 103(c) of the Internal Revenue Code of 1954, as amended, and regulations of the United States Department of the Treasury issued thereunder.

#### Section 7. Sufficiency of Escrow.

The escrowed proceeds and investments together with the known minimum yield thereon and such other funds as have been made available therefor shall be in an amount which at all times shall be sufficient to pay the Bond requirements. The certificate of Main Lafrentz & Co., Certified Public Accountants, as to such sufficiency shall be furnished as a condition precedent to the delivery of the Bonds.

#### Section 8. Transfers for Payment of Bond Requirements.

A. The Escrow Bank shall hold the Escrow Fund until July 1, 1987, at which time the Escrow Bank shall transfer from the Escrow Fund to the fiscal agent for the 1975 Bonds under Resolution No. 143 the sum of \$4,396,925, with instructions to said fiscal agent to apply said sum in accordance with Resolution No. 143 to the redemption and retirement on July 1, 1987 of the 1975 Bonds maturing on or after July 1, 1988. Moneys and investments held in the Escrow Fund shall be used for no other purpose except as hereinafter in subsection B of this Section 8 provided.

B. All income received from the investment of moneys in the Escrow Fund, immediately upon receipt thereof, shall be transferred to the Fiscal Agent for deposit in the Investment Revenue Fund established pursuant to Section 4.01 of the Resolution.

#### Section 9. Redemption Notice.

At the direction of the Agency, the Escrow Bank shall notify the fiscal agent for the 1975 Bonds under Resolution No. 143, by telephone and by registered or certified first class mail, postage prepaid, not earlier than April 1, 1987, nor later than May 1, 1987, of the necessity of publishing and mailing notice of redemption of the 1975 Bonds in accordance with the provisions of Resolution No. 143. Upon receipt of such notification from the Escrow Bank, said fiscal agent will give said notices of redemption. The Escrow Bank will not be required to furnish a list for use in determining any holders of 1975 Bonds so to be redeemed. The Escrow Bank will not be responsible for determining the accuracy of any information supplied to it by any person pursuant to the procedures outlined herein, including without limitation, the Agency and said fiscal agent, or for seeing to it that any notices of redemption are actually mailed or published as required.

#### Section 10. Termination of Escrow Fund.

When the Escrow Bank shall have transferred to the fiscal agent for the 1975 Bonds under Resolution No. 143, pursuant to subsection A of Section 8 hereof, the amount specified in said subsection, the Escrow Bank shall immediately pay over to the Agency or its order for deposit in the Special Fund established pursuant to Section 4.02 of the Resolution the moneys, if any, then remaining in the Escrow Fund and shall make forthwith a final report to the Agency.

#### Section 11. Fees and Costs.

A. The Escrow Bank's total fees and costs for and in carrying out the provisions of this Escrow Agreement, including the token consideration of \$1.00 recited hereinabove, have been fixed at



\$8,625.00, which amount is to be paid as follows: \$1,125.00 at the time of delivery of the Bonds and \$750.00 on each July 1 thereafter to and including July 1, 1986.

B. The Escrow Bank shall also be entitled to additional fees and reimbursement for costs incurred, including but not limited to legal and accountants' services, in connection with any litigation which may at any time be instituted involving this Escrow Agreement.

C. Such payment for services rendered and to be rendered by the Escrow Bank shall not be for deposit in the Escrow Fund, and the fees of and the costs incurred by the Escrow Bank shall not be deducted from such fund.

#### **Section 12. Possible Deficiencies.**

A. If at any time it shall appear to the Escrow Bank that the moneys in the Escrow Fund and any interest on and the principal of the Federal Securities in escrow allocable for such use hereunder, including, without limitation, the known minimum yield from the Federal Securities (for which computation the Escrow Bank shall be entitled to rely upon the certified public accountants' report attached hereto as Exhibit B), together with funds held in the Investment Revenue Fund under the Resolution, will not be sufficient to make any payment needed to satisfy the Bond requirements, the Escrow Bank shall notify the Agency in writing as soon as reasonably practicable of such fact, the amount of such deficiency and the reason therefor.

B. Thereupon the Agency shall forthwith deposit with the Escrow Bank for deposit in the Escrow Fund or with the Fiscal Agent for deposit in the Investment Revenue Fund, as may be appropriate, from any legally available moneys, such additional moneys as may be required to meet fully the aggregate amounts to become due and payable as the same become due.

C. The Escrow Bank shall in no manner be responsible for the Agency's failure to make any such deposit if the Escrow Bank shall have notified the Agency as soon as reasonably practicable of the need for such additional moneys.

#### **Section 13. Reports.**

A. Until the termination of the Escrow Fund for which provision is herein made, the Escrow Bank shall submit to the Agency semi-annual reports covering all Federal Securities and the amount of money accounted for in the Escrow Fund and all moneys it shall have received and all disbursements it shall have made or caused to be made hereunder.

B. The last report, however, shall be made in accordance with the provisions of Section 10 hereof.

C. Each such report (including the last report) shall further indicate for which period and in what Trust Bank any Federal Securities in escrow and any uninvested moneys in escrow were transferred for safekeeping or any Federal Securities pledged to secure the repayment to the Agency of any uninvested moneys in escrow were placed in pledge, as permitted by Section 15 hereof.

#### **Section 14. Character of Deposit.**

A. It is recognized that title to the Federal Securities and moneys accounted for in the Escrow Fund from time to time shall remain vested in the Agency but subject always to the prior charge and lien thereon of this Escrow Agreement and the use thereof required to be made by the provisions hereof.

B. The Escrow Bank shall hold all such securities and moneys in the Escrow Fund and in each account thereof as special trust funds and accounts separate and wholly segregated from all other securities and funds of the Escrow Bank or deposited therein, and shall never commingle such securities or moneys with other securities or moneys.



## Section 15. Securing Deposit.

A. All uninvested moneys held at any time in the Escrow Fund shall be continuously secured by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to 110% of the total amount of uninvested moneys in the Escrow Fund or the amount required by law which bonds or other obligations shall be held:

- (1) In any branch of the Federal Reserve Bank; or
- (2) In any commercial bank (including the Escrow Bank), which bank:
  - (a) Is a state or national bank or trust company,
  - (b) Is a member of the Federal Deposit Insurance Corporation,
  - (c) Is a member of the Federal Reserve System,
  - (d) Has a capital and surplus of \$50,000,000 or more,
  - (e) Is exercising full and complete trust powers, and
  - (f) May be located in the State of California or without the State of California; or
- (3) In any branch of the Federal Reserve Bank and in two or more Trust Banks (or any combination thereof).

B. Such bonds or other obligations so held as a pledge shall be used whenever necessary to enable the fiscal agent for the 1975 Bonds under Resolution No. 143 to pay the Bond requirements to the extent such uninvested moneys accounted for in the Escrow Fund are for any reason not available to make such payments, except for any such moneys transferred or caused to be transferred by the Escrow Bank to the Fiscal Agent pursuant to this Escrow Agreement or the Resolution.

C. Any Federal Securities and any uninvested moneys accounted for in the Escrow Fund may from time to time be placed by the Escrow Bank for safekeeping wholly or in part in any such Trust Bank or Trust Banks within or without or both within and without the State of California, only if prior to any such transfer the Treasurer consents thereto in writing.

D. Each such Trust Bank holding any Federal Securities accounted for in the Escrow Fund or any uninvested moneys accounted for therein, or both such securities and such moneys, prior to such a deposit therein, shall be furnished by the Escrow Bank with a copy of this instrument.

E. By the acceptance of such Federal Securities in escrow or such uninvested moneys in escrow, each such Trust Bank shall be bound to the extent of such safekeeping deposit in the same manner as the Escrow Bank, as herein provided.

F. The Escrow Bank, however, shall remain solely responsible to the Agency:

- (1) For the reinvestments of moneys pursuant to Section 6 hereof;
- (2) For transfers to the fiscal agent for the 1975 Bonds under Resolution No. 143 and to the Fiscal Agent pursuant to Section 8 hereof;
- (3) For termination of the Escrow Fund pursuant to Section 10 hereof;
- (4) For notification of prospective deficiencies pursuant to Section 12 hereof; and
- (5) For the periodic status reports pursuant to Section 13 hereof.

G. Notwithstanding the liabilities of the Escrow Bank stated in subsection F of this Section 15, the Escrow Bank may cause any one, all or any combination of the duties stated in said subsection F to be performed on its behalf by any Trust Bank.

H. In the event of the Escrow Bank's failure to account for any moneys or Federal Securities held by it or by any Trust Bank in the Escrow Fund, such moneys and securities shall be and remain the property of the Agency.



I. If for any reason such moneys or securities cannot be identified, all other assets of the Escrow Bank and of each such Trust Bank failing to account therefor shall be impressed with a trust for the amount thereof and the Agency shall be entitled to a preferred claim upon such assets.

J. No money paid into and accounted for in the Escrow Fund shall ever be considered as a banking deposit, and neither the Escrow Bank nor any Trust Bank shall have any right or title with respect thereto.

#### **Section 16. Purchasers' Responsibility.**

The purchasers and holders from time to time of the Bonds shall in no manner be responsible for the application or disposition of the proceeds thereof nor of any moneys or Federal Securities held in the Escrow Fund.

#### **Section 17. Irrevocability.**

A. The Bonds shall be issued in reliance upon this Escrow Agreement, and except as herein provided this instrument shall be irrevocable and not subject to amendment after any of the Bonds shall have been issued.

B. If, however, in carrying out their respective duties under this Escrow Agreement, the Agency or the Escrow Bank shall find that by reason of some error or omission or otherwise in the provisions hereof an amendment is desirable in order to give effect to the true intention and purpose of this Escrow Agreement, one or more amendments may be proposed by the Agency or the Escrow Bank, and a suit for declaratory judgment may be filed by the Agency or the Escrow Bank against the Escrow Bank or the Agency, respectively, in a court of competent jurisdiction, requesting the consideration and approval of such amendment.

C. When the court has jurisdiction over the defendant by proper service of process or otherwise, notice of the pendency of such action shall be given to holders of the Bonds and the 1975 Bonds by publication of an appropriate notice at least one time in a Financial Newspaper or Journal published in the City of New York, State of New York, as may be determined by the plaintiff, as well as in such other manner (if any) as may be required by court rule or statute of the jurisdiction.

D. Within a period of 30 days following the completion of such publication any holder of any Bond or of any 1975 Bond may intervene in such action and ask to be heard.

E. When the court shall have heard all such persons wishing to be heard and shall have considered the evidence and the facts, if it shall enter a judgment finding that the proposed amendment or amendments may legally be made and will effectuate the intention and purposes of the trust, this Escrow Agreement may be so amended, and the amendment or amendments so made shall be effective.

#### **Section 18. Exculpatory Paragraph.**

A. The duties and responsibilities of the Escrow Bank are limited to those expressly and specifically stated in this Escrow Agreement.

B. The Escrow Bank shall not be liable or responsible for any loss resulting from any investment or reinvestment made pursuant to this Escrow Agreement and made in compliance with the provisions hereof.

C. The Escrow Bank shall not be personally liable for any act it may do or omit to do hereunder, while acting with reasonable care, except for duties expressly imposed upon the Escrow Bank hereunder or as otherwise expressly provided herein.



D. The Escrow Bank shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Agency of any of its obligations, nor shall it be responsible in any manner for the recitals or statements contained herein, including, but not limited to, the certified public accountants' report attached hereto as Exhibit B, or in the 1975 Bonds or any proceedings taken in connection therewith, such recitals and statements being made solely by the Agency.

E. Nothing in this instrument shall be construed to create any obligations or liabilities on the part of the Escrow Bank to anyone other than the Agency, the holders of the Bonds and the coupons appertaining thereto and the holders of the 1975 Bonds and the coupons appertaining thereto.

#### **Section 19. Time of Essence.**

Time shall be of the essence in the performance of the obligations from time to time imposed upon the Escrow Bank by this instrument.

#### **Section 20. Successors.**

A. Whenever herein the Agency or the Escrow Bank is named or is referred to, such provision shall be deemed to include any successor of the Agency or the Escrow Bank, respectively, immediate or intermediate, whether so expressed or not.

B. All of the stipulations, obligations and agreements by or on behalf of and other provisions for the benefit of the Agency or the Escrow Bank contained herein:

(1) Shall bind and inure to the benefit of any such successor, and

(2) Shall bind and shall inure to the benefit of any officer, board, authority, agent or instrumentality to whom or to which there shall be transferred by or in accordance with law any right, power or duty of the Agency or the Escrow Bank, respectively, or of its successor, the possession of which is necessary or appropriate in order to comply with any such stipulations, obligations, agreements or other provisions hereof.

#### **Section 21. Severability.**

If any section, paragraph, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.



IN WITNESS WHEREOF, the REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS has caused this Escrow Agreement to be signed in the Agency's name by its Chairman and by its Secretary, with the seal thereof hereunto affixed; and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION has caused this Escrow Agreement to be signed in its corporate name by one of its Assistant Vice Presidents, sealed with its corporate seal and attested by one of its Trust Officers, all as of the day and year first above written.

REDEVELOPMENT AGENCY OF THE  
CITY OF REDLANDS

By \_\_\_\_\_  
Chairman

(SEAL)

By \_\_\_\_\_  
Secretary

BANK OF AMERICA NATIONAL TRUST  
AND SAVINGS ASSOCIATION

(SEAL)

By \_\_\_\_\_  
Assistant Vice President

Attest:

\_\_\_\_\_  
Trust Officer



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